

1 AN ACT concerning insurance payments.

2 Be it enacted by the People of the State of Illinois,  
3 represented in the General Assembly:

4 Section 5. The Illinois Insurance Code is amended by  
5 changing Section 368a as follows:

6 (215 ILCS 5/368a)

7 Sec. 368a. Timely payment for health care services.

8 (a) This Section applies to insurers, health maintenance  
9 organizations, managed care plans, health care plans,  
10 preferred provider organizations, third party administrators,  
11 independent practice associations, and physician-hospital  
12 organizations (hereinafter referred to as "payors") that  
13 provide periodic payments, which are payments not requiring a  
14 claim, bill, capitation encounter data, or capitation  
15 reconciliation reports, such as prospective capitation  
16 payments, to health care professionals and health care  
17 facilities to provide medical or health care services for  
18 insureds or enrollees.

19 (1) A payor shall make periodic payments in  
20 accordance with item (3). Failure to make periodic  
21 payments within the period of time specified in item (3)  
22 shall entitle the health care professional or health care  
23 facility to interest at the rate of 9% per year from the  
24 date payment was required to be made to the date of the  
25 late payment, provided that interest amounting to less  
26 than \$1 need not be paid. Any required interest payments  
27 shall be made within 30 days after the payment.

28 (2) When a payor requires selection of a health  
29 care professional or health care facility, the selection  
30 shall be completed by the insured or enrollee no later  
31 than 30 days after enrollment. The payor shall provide

1 written notice of this requirement to all insureds and  
 2 enrollees. Nothing in this Section shall be construed to  
 3 require a payor to select a health care professional or  
 4 health care facility for an insured or enrollee.

5 (3) A payor shall provide the health care  
 6 professional or health care facility with notice of the  
 7 selection as a health care professional or health care  
 8 facility by an insured or enrollee and the effective date  
 9 of the selection within 60 calendar days after the  
 10 selection. No later than the 60th day following the date  
 11 an insured or enrollee has selected a health care  
 12 professional or health care facility or the date that  
 13 selection becomes effective, whichever is later, or in  
 14 cases of retrospective enrollment only, 30 days after  
 15 notice by an employer to the payor of the selection, a  
 16 payor shall begin periodic payment of the required  
 17 amounts to the insured's or enrollee's health care  
 18 professional or health care facility, or the designee of  
 19 either, calculated from the date of selection or the date  
 20 the selection becomes effective, whichever is later. All  
 21 subsequent payments shall be made in accordance with a  
 22 monthly periodic cycle.

23 ~~(b) Notwithstanding any other provision of this Section,~~  
 24 ~~independent practice associations and physician hospital~~  
 25 ~~organizations shall begin making periodic payment of the~~  
 26 ~~required amounts within 60 days after an insured or enrollee~~  
 27 ~~has selected a health care professional or health care~~  
 28 ~~facility or the date that selection becomes effective,~~  
 29 ~~whichever is later. Before January 1, 2001, subsequent~~  
 30 ~~periodic payments shall be made in accordance with a 60-day~~  
 31 ~~periodic schedule, and after December 31, 2000, subsequent~~  
 32 ~~periodic payments shall be made in accordance with a monthly~~  
 33 ~~periodic schedule.~~

34 ~~Notwithstanding any other provision of this Section,~~

1 independent--practice--associations--and---physician-hospital  
 2 organizations--shall--make--all--other--payments--for--health  
 3 services--within--60--days--after--receipt--of--due--proof--of--loss  
 4 received--before--January--1,--2001--and--within--30--days--after  
 5 receipt--of--due--proof--of--loss--received--after--December--31,  
 6 2000.-----Independent-----practice-----associations-----and  
 7 physician-hospital--organizations--shall--notify--the--insured,  
 8 insured's--assignee,  
 9 health-care-professional,  
 10 or-health-care  
 11 facility--of--any--failure--to--provide--sufficient--documentation  
 for-a-due-proof-of-loss-within-30-days-after-receipt--of--the  
 claim-for-health-services.

12 Failure to pay within the required time period shall  
 13 entitle the payee to interest at the rate of 9% per year from  
 14 the date the payment is due to the date of the late payment,  
 15 provided that interest amounting to less than \$1 need not be  
 16 paid. Any required interest payments shall be made within 30  
 17 days after the payment.

18 (c) All payors insurers,  
 19 health-----maintenance  
 20 organizations,  
 21 managed---care--plans,  
 22 health--care--plans,  
 23 preferred---provider---organizations,  
 24 and---third---party  
 25 administrators shall ensure that all claims and indemnities  
 26 concerning health care services other than for any periodic  
 27 payment shall be paid within 30 days after receipt of due  
 28 written proof of such loss. An insured, insured's assignee,  
 29 health care professional, or health care facility shall be  
 30 notified of any known failure to provide sufficient  
 31 documentation for a due proof of loss within 30 days after  
 32 receipt of the claim for health care services. Failure to  
 33 pay within such period shall entitle the payee to interest at  
 34 the rate of 9% per year from the 30th day after receipt of  
 such proof of loss to the date of late payment, provided that  
 interest amounting to less than one dollar need not be paid.  
 Any required interest payments shall be made within 30 days  
 after the payment.

1           (d) The Department shall enforce the provisions of this  
2 Section pursuant to the enforcement powers granted to it by  
3 law.

4           (e) The Department is hereby granted specific authority  
5 to issue a cease and desist order, fine, or otherwise  
6 penalize independent practice associations and  
7 physician-hospital organizations that violate this Section.  
8 The Department shall adopt reasonable rules to enforce  
9 compliance with this Section by independent practice  
10 associations and physician-hospital organizations.

11 (Source: P.A. 91-605, eff. 12-14-99; 91-788, eff. 6-9-00.)